

HOUSE No. 2725

The Commonwealth of Massachusetts

PRESENTED BY:

Christopher J. Donelan

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to improving the Massachusetts rural economy for the farm, forest , and wood products industry.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Christopher J. Donelan	2nd Franklin

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO IMPROVING THE MASSACHUSETTS RURAL ECONOMY FOR THE FARM, FOREST , AND WOOD PRODUCTS INDUSTRY.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 WHEREAS, the Commonwealth of Massachusetts' contains over three million acres of forestland
2 that add to the quality of life of its residents and support an important forest economic sector that includes
3 thousands of landowners, hundreds of professional foresters , numerous timber harvesters, primary
4 forest products manufacturers and facilities for the use of sustainably produced biomass provided to
5 biomass and biofuel facilities located in Massachusetts as a renewable source of energy for the
6 Commonwealth.

7 WHEREAS, this economic sector is an important part of Massachusetts' rural economy. Working forests
8 are also an integral part of a sustainable development approach by utilizing and protecting prime
9 woodlands and focusing development towards village centers;

10 WHEREAS, this act, will provide private Qualified Forest Landowners and Massachusetts Forest Entities
11 with economic incentives that encourage a viable forest industry based on sustainable forest management
12 and by assisting in both the creation of jobs in rural areas, and the conservation of prime forestlands
13 critical for the protection of habitat, water resources, recreation, and tourism.

14 SECTION 1. Chapter 62 is hereby amended by inserting after section 6I, the following section :Section
15 6J

16 (a) For the purposes of this section, unless the context clearly requires otherwise, the following
17 words shall have the following meanings:-

"Qualified Forest Landowner", shall mean an individual or legal entity holding a legal interest, right, or title to ten acres or more of forestland that meets the definition of forest in chapter 61 or chapter 61A of the general laws.

"Sustainable forest management" shall mean activities that occur on forested land that is classified under chapter 61, chapter 61A or chapter 61B of the general laws, or managed pursuant to the Forest Stewardship Program found under Title XII, a Cooperative Forestry Assistance Act of 1978 of the federal laws or managed pursuant to other recognized forest certification systems...

"Taxpayer", shall mean an individual who pays income tax as defined in chapter 62 of the general laws or a corporation or other legal entity engaged in business in the Commonwealth that pays tax pursuant to the general laws.

"Qualified Woody Biomass Material", shall be defined as residue that results from normal or preventive timber harvest or production, including but not limited to slash, saw dust, shavings, edgings, slabs, leaves, bark, and timber thinnings, that would not otherwise be used for higher-value products. , and when said biomass is provided to

biomass and biofuel facilities located in Massachusetts as a renewable source of energy.

(b) There shall be allowed as a credit against the tax liability of a Qualified Forest Landowner imposed by this chapter, an amount equal to 10 dollars per green ton of harvested and processed woody biomass, as defined herein.

(1) In any single tax year, the credit taken may not exceed the amount due under a Taxpayer's annual taxable income.

(2) Any portion of the credit, which is unused in any single tax year, may be carried over for a maximum of ten consecutive tax years following the tax year in which the credit originated.

(3) Individual taxpayers, subject to this chapter who are shareholders or partners in a Massachusetts Forest Entity may take a percentage of the tax credit earned by the Massachusetts Forest Entity under this section based on their distributive share of the Massachusetts Forest Entity.

SECTION 2. Chapter 63 is hereby amended by inserting after section 38Q, the following section:-

Section 38 R.

(a) For the purposes of this section, unless the context clearly requires otherwise, the following words shall have the following meanings:-

“Sustainable forest management” shall mean activities that occur on forested land that is classified under chapter 61, chapter 61A or chapter 61B of the general laws, or managed pursuant to the Forest Stewardship Program found under Title XII, a Cooperative Forestry Assistance Act of 1978 of the federal laws or other recognized forest certification systems..

“Massachusetts Forest Entity”, shall mean a sole proprietor or other legal entity, including but not limited to, corporation, s-corporation, general or limited partnership, or a limited liability company organized for the purpose of either cutting, harvesting, milling, marketing or processing primary forest products and registered with the Secretary of State where applicable.

“Taxpayer”, shall mean an individual who pays income tax as defined in chapter 62 of the general laws or a corporation or other legal entity engaged in business in the Commonwealth that pays tax pursuant to the general laws.

(b) There shall be allowed as a credit against the tax liability of a Massachusetts Forest Entity imposed by this chapter, an amount equal to 10 dollars per green ton of harvested and processed woody biomass, as defined herein. Said credit shall only be available for the harvesting of woody biomass on land for which the collection of woody biomass is a sustainable use, and when said biomass is provided to biomass and biofuel facilities located in Massachusetts as a renewable source of energy

(1) In any single tax year, the credit taken may not exceed the amount due under a Taxpayer’s annual taxable income.

(2) Any portion of the credit, which is unused in any single tax year, may be carried over for a maximum of ten consecutive tax years following the tax year in which the credit originated until fully expended.

SECTION 3. Agencies of the commonwealth shall give preference to Massachusetts’ grown forest products that are of equivalent quality to other bids when awarding of bids for wood products purchased by the commonwealth.

SECTION 4. (a) The Secretary of the Executive Office of Environmental Affairs, hereinafter referred to as the Secretary, shall promulgate regulations for the implementation of sections one and two under this chapter. Regulations shall be promulgated within ninety days of passage of this act.

(b) The Executive Office of Administration and Finance, in consultation with the Secretary, shall promulgate regulations to administer the provisions of section three under this chapter. Regulations shall be promulgated within ninety days of passage of this act. The Commissioner of the Department of Revenue, within five years of passage of this chapter, shall prepare a report to the Joint Committee on Taxation and the Joint Committee on Environment, Natural Resources and Agriculture, calculating the tax savings to individuals and corporations.

(c) The Department of Revenue, in consultation with the Secretary of the Executive Office of Environmental Affairs, shall promulgate regulations to administer the tax incentives of sections one and two under this chapter. Regulations shall be promulgated within ninety days of passage of this act. The Commissioner of the Department of Revenue, within five years of passage of this chapter, shall prepare a report to the Joint Committee on Taxation and the Joint Committee on Environment, Natural Resources and Agriculture, calculating the tax savings to individuals and corporations.

SECTION 5. Tax credits provided by this chapter shall apply in taxable years beginning on or after January 1, 2009 and all taxable years thereafter.

SECTION 6. Nothing in this chapter shall be interpreted in any way to alter or amend any permitting requirements, reporting requirements, allocation procedures, or other requirements set forth in any other provision of the general laws.